

Senate File 2412 - Introduced

SENATE FILE _____
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2391)
(SUCCESSOR TO SSB 3198)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to renewable fuel, including by providing for
2 infrastructure associated with storing, blending, and
3 dispensing renewable fuel, providing standards for renewable
4 fuel, providing for state purchases of renewable fuel,
5 providing an appropriation, and providing an effective date.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 6470SZ 82
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1 1 DIVISION I
1 2 RENEWABLE FUEL INFRASTRUCTURE
1 3 Section 1. Section 15G.201, subsection 1, Code 2007, is
1 4 amended to read as follows:
1 5 1. "Biodiesel", "biodiesel blended fuel", "biodiesel
1 6 fuel", "E-85 gasoline", "ethanol", "ethanol blended gasoline",
1 7 "gasoline", "motor fuel", "~~motor fuel pump~~", "retail dealer",
1 8 and "retail motor fuel site" mean the same as defined in
1 9 section 214A.1.
1 10 Sec. 2. Section 15G.201, Code 2007, is amended by adding
1 11 the following new subsections:
1 12 NEW SUBSECTION. 4A. "Motor fuel pump" and "motor fuel
1 13 blender pump" or "blender pump" mean the same as defined in
1 14 section 214.1.
1 15 NEW SUBSECTION. 5A. "Tank vehicle" means the same as
1 16 defined in section 321.1.
1 17 Sec. 3. NEW SECTION. 15G.201A CLASSIFICATION OF
1 18 RENEWABLE FUEL.
1 19 For purposes of this division, ethanol blended fuel and
1 20 biodiesel fuel shall be classified in the same manner as
1 21 provided in section 214A.2.
1 22 Sec. 4. Section 15G.203, subsection 1, Code Supplement
1 23 2007, is amended to read as follows:
1 24 1. The purpose of the program is to improve retail motor
1 25 fuel sites by installing, replacing, or converting ~~motor fuel~~
1 26 ~~storage and dispensing infrastructure. The infrastructure~~
1 27 ~~must be to be used to store, blend, or dispense renewable~~
1 28 ~~fuel. The infrastructure shall be ethanol infrastructure or~~
1 29 ~~biodiesel infrastructure.~~
1 30 a. (1) Ethanol infrastructure shall be designed and shall
1 31 be used exclusively to store do any of the following:
1 32 (a) Store and dispense renewable fuel which is E-85
1 33 gasoline.
1 34 (b) Store, blend, and dispense motor fuel from a motor
1 35 fuel blender pump, as required in this subparagraph
2 1 subdivision. The ethanol infrastructure must provide for the
2 2 storage of ethanol or ethanol blended gasoline, or for
2 3 blending ethanol with gasoline. However, the ethanol
2 4 infrastructure must include a motor fuel blender pump that
2 5 dispenses different classifications of ethanol blended
2 6 gasoline and which must allow E-85 gasoline to be dispensed at
2 7 all times that the blender pump is operating.
2 8 (2) Biodiesel infrastructure shall be designed and used
2 9 exclusively to do any of the following:
2 10 (a) Store and dispense biodiesel, or biodiesel blended
2 11 fuel on.
2 12 (b) Blend or dispense biodiesel fuel from a motor fuel
2 13 blender pump.
2 14 b. The infrastructure must be a part of any of the

2 15 following:

2 16 (1) The premises of a retail motor fuel sites site
2 17 operated by a retail dealers dealer.

2 18 (2) A tank vehicle operated by a retail dealer. The
2 19 infrastructure is limited to the portion of the tank and fuel
2 20 pump used to store, blend, or dispense the renewable fuel.

2 21 Sec. 5. Section 15G.203, subsection 2, Code Supplement
2 22 2007, is amended to read as follows:

2 23 2. A person may apply to the department to receive
2 24 financial incentives ~~on a cost-share basis~~. The department
2 25 shall forward the applications to the underground storage tank
2 26 fund board as required by that board for evaluation and
2 27 recommendation. The underground storage tank fund board may
2 28 rank the applications with comments and shall forward them to
2 29 the infrastructure board for approval or disapproval. The
2 30 department shall award financial incentives on a cost-share
2 31 basis to an eligible person whose application was approved by
2 32 the infrastructure board.

2 33 Sec. 6. Section 15G.203, subsection 3, Code Supplement
2 34 2007, is amended by striking the subsection.

2 35 Sec. 7. Section 15G.203, subsection 4, paragraph b,
3 1 subparagraphs (3) and (4), Code Supplement 2007, are amended
3 2 to read as follows:

3 3 (3) A statement describing how the retail motor fuel site
3 4 is to be improved, the total estimated cost of the planned
3 5 improvement, and the date when the infrastructure will be
3 6 first used ~~to store and dispense the renewable fuel~~.

3 7 (4) A statement certifying that the infrastructure shall
3 8 ~~not only be used to store or dispense motor fuel other than~~
3 9 ~~E-85 gasoline, biodiesel, or biodiesel blended fuel to comply~~
3 10 ~~with the provisions of this section and as specified in the~~
3 11 ~~cost-share agreement~~, unless granted a waiver by the

3 12 infrastructure board pursuant to this section.

3 13 Sec. 8. Section 15G.203, subsection 6, Code Supplement
3 14 2007, is amended by striking the subsection.

3 15 Sec. 9. Section 15G.203, subsection 7, Code Supplement
3 16 2007, is amended to read as follows:

3 17 7. An award of financial incentives to a participating
3 18 person shall be on a cost-share basis in the form of a grant.
3 19 To

3 20 ~~In order to~~ participate in the program an eligible person
3 21 must execute a cost-share agreement with the department as
3 22 approved by the infrastructure board in which the person
3 23 contributes a percentage of the total costs related to
3 24 improving the retail motor fuel site. The infrastructure
3 25 board may approve multiple improvements to the same retail
3 26 motor fuel site for the full amount available for both ethanol
3 27 infrastructure as provided in paragraph "a" and biodiesel
3 28 infrastructure as provided in paragraph "b" so long as the
3 29 improvements for ethanol infrastructure and for biodiesel
3 30 infrastructure are made under separate cost-share agreements.

3 31 a. This paragraph "a" applies to the installation,
3 32 replacement, or conversion of ethanol infrastructure.

3 33 (1) Except as provided in paragraph "b" subparagraph (2),
3 34 a participating person may be awarded standard financial
3 35 incentives. The standard financial incentives awarded to the
4 1 participating person shall not exceed fifty seventy percent of
4 2 the actual cost of making the improvement or thirty fifty
4 3 thousand dollars, whichever is less. The infrastructure board
4 4 may approve multiple awards of standard financial incentives
4 5 to make improvements to a retail motor fuel site so long as
4 6 the total amount of the awards does not exceed the limitations
4 7 provided in this paragraph subparagraph (1).

4 8 ~~b-~~ (2) In addition to any standard financial incentives
4 9 awarded to a participating person under paragraph "a"
4 10 subparagraph (1), the participating person may be awarded
4 11 supplemental financial incentives to upgrade or replace a
4 12 dispenser which is part of gasoline storage and dispensing
4 13 infrastructure used to store and dispense E-85 gasoline as
4 14 provided in section 455G.31. The person is only eligible to
4 15 receive the supplemental financial incentives if the person
4 16 installed the dispenser not later than sixty days after the
4 17 date of the publication in the Iowa administrative bulletin of
4 18 the state fire marshal's order providing that a commercially
4 19 available dispenser is listed as compatible for use with E-85
4 20 gasoline by an independent testing laboratory as provided in
4 21 section 455G.31. The supplemental financial incentives
4 22 awarded to the participating person shall not exceed
4 23 seventy-five percent of the actual cost of making the
4 24 improvement or thirty thousand dollars, whichever is less.

4 25 b. This paragraph "b" applies to the installation.

4 26 replacement, or conversion of biodiesel infrastructure.

4 27 (1) A participating person may be awarded financial
4 28 incentives. The financial incentives awarded to the
4 29 participating person shall not exceed the amount of the
4 30 cost-share schedule provided in this subparagraph or fifty
4 31 thousand dollars, whichever is less. The cost-share agreement
4 32 shall provide for the minimum classification of biodiesel fuel
4 33 to be stored, blended, or dispensed using the infrastructure
4 34 according to the following cost-share schedule:

4 35 (a) Fifty percent for biodiesel fuel classified as B=2 or
5 1 higher but not as high as B=5.

5 2 (b) Fifty=five percent for biodiesel fuel classified as
5 3 B=5 or higher but not as high as B=10.

5 4 (c) Sixty percent for biodiesel fuel classified as B=10 or
5 5 higher but not as high as B=20.

5 6 (d) Seventy percent for biodiesel fuel classified as B=20
5 7 or higher.

5 8 (2) The infrastructure board may approve multiple awards
5 9 of financial incentives to a retail motor fuel site so long as
5 10 the total amount of awards does not exceed the limitations
5 11 provided in this paragraph "b".

5 12 c. For each fiscal year of the fiscal period beginning
5 13 July 1, 2008, and ending June 30, 2012, a participating person
5 14 shall not be awarded more than ten thousand dollars for
5 15 storing any type of renewable fuel in or blending or
5 16 dispensing such renewable fuel from one or more tank vehicles.

5 17 Sec. 10. Section 15G.204, subsection 1, Code Supplement
5 18 2007, is amended to read as follows:

5 19 1. A person may apply to the department to receive
5 20 financial incentives on a cost-share basis. The department
5 21 shall forward the applications to the underground storage tank
5 22 fund board as required by that board for evaluation and
5 23 recommendation. The underground storage tank fund board may
5 24 rank the applications with comments and shall forward them to
5 25 the infrastructure board for approval or disapproval. The
5 26 department shall award financial incentives on a cost-share
5 27 basis to an eligible person whose application was approved by
5 28 the infrastructure board.

5 29 Sec. 11. Section 15G.204, subsection 2, Code Supplement
5 30 2007, is amended by striking the subsection.

5 31 Sec. 12. Section 15G.204, subsection 4, Code Supplement
5 32 2007, is amended to read as follows:

5 33 4. a. An award of financial incentives to a participating
5 34 person shall be in the form of a grant. In order to
5 35 participate in the program, an eligible person must execute a
6 1 cost-share agreement with the department as approved by the
6 2 infrastructure board in which the person contributes a
6 3 percentage of the total costs related to improving the
6 4 terminal. The financial incentives awarded to the
6 5 participating person shall not exceed the following:

6 6 (1) For improvements to store, blend, or dispense
6 7 biodiesel fuel from B=2 or higher but not as high as B=99,
6 8 fifty percent of the actual cost of making the improvements or
6 9 fifty thousand dollars, whichever is less.

6 10 (2) For improvements to store, blend, and dispense
6 11 biodiesel fuel from B=99 to B=100, fifty percent of the actual
6 12 cost of making the improvements or one hundred thousand
6 13 dollars, whichever is less.

6 14 b. The infrastructure board may approve multiple awards to
6 15 make improvements to a terminal so long as the total amount of
6 16 the awards does not exceed the limitations provided in this
6 17 subsection.

6 18 Sec. 13. Section 15G.205, subsection 3, Code 2007, is
6 19 amended to read as follows:

6 20 3. Moneys in the renewable fuel infrastructure fund are
6 21 appropriated to the department exclusively to support the
6 22 renewable fuel infrastructure programs as provided in sections
6 23 15G.203 and 15G.204, as allocated in financial incentives by
6 24 the renewable fuel infrastructure board as created in section
6 25 15G.202.

6 26 a. Except as provided in paragraph "b", for the fiscal
6 27 period beginning July 1, 2008, and ending June 30, 2012, all
6 28 of the following shall apply:

6 29 (1) One-half of the moneys in the infrastructure fund
6 30 shall be used exclusively to award financial incentives to
6 31 support ethanol infrastructure as provided pursuant to the
6 32 renewable fuel infrastructure program for retail dealers
6 33 established in section 15G.203.

6 34 (2) One-half of the moneys in the infrastructure fund
6 35 shall be used exclusively to award financial incentives to
7 1 support biodiesel infrastructure as provided pursuant to the

7 2 renewable fuel infrastructure program for retail dealers
7 3 established in section 15G.203 and as provided pursuant to the
7 4 renewable fuel infrastructure program for terminal facilities
7 5 established pursuant to section 15G.204. For each fiscal year
7 6 of the fiscal period described in this paragraph "a", not more
7 7 than two hundred fifty thousand dollars shall be expended from
7 8 the infrastructure fund to support financial incentives
7 9 awarded to all persons participating in the renewable fuel
7 10 infrastructure program for retail dealers for storing any type
7 11 of renewable fuel in or blending or dispensing such renewable
7 12 fuel from tank vehicles as provided in section 15G.203.

7 13 b. Up to fifty thousand dollars shall be allocated each
7 14 fiscal year to the department to support the administration of
7 15 the programs. Otherwise the moneys shall not be transferred,
7 16 used, obligated, appropriated, or otherwise encumbered except
7 17 to allocate as financial incentives under the programs.

7 18 Sec. 14. Section 214.1, Code 2007, is amended to read as
7 19 follows:

7 20 214.1 DEFINITIONS.

7 21 For the purpose of As used in this chapter, unless the
7 22 context otherwise requires:

7 23 1. "Biofuel", "biodiesel", "biodiesel fuel", "ethanol",
7 24 "motor fuel", "retail dealer", "retail motor fuel site", and
7 25 "wholesale dealer" mean the same as defined in section 214A.1.

7 26 2. "Commercial weighing and measuring device" or "device"
7 27 means the same as defined in section 215.26.

7 28 3. "Motor fuel" means the same as defined in section
7 29 214A.1 fuel blender pump" or "blender pump" means a motor fuel
7 30 pump that dispenses a type of motor fuel that is blended from
7 31 two or more different types of motor fuels and which may
7 32 dispense more than one type of blended motor fuel.

7 33 4. "Motor fuel pump" means a pump, meter, or similar
7 34 commercial weighing and measuring device used to measure and
7 35 dispense motor fuel on a retail basis.

8 1 4. "Retail dealer" means the same as defined in section
8 2 214A.1.

8 3 5. "Wholesale dealer" means the same as defined in section
8 4 214A.1 "Motor fuel storage tank" or "storage tank" means an
8 5 aboveground or belowground container that is a fixture used to
8 6 store an accumulation of motor fuel.

8 7 Sec. 15. Section 214.9, Code 2007, is amended to read as
8 8 follows:

8 9 214.9 SELF-SERVICE MOTOR FUEL PUMPS.

8 10 Self-service A self-service motor fuel pumps pump located
8 11 at a retail motor vehicle fuel stations site may be equipped
8 12 with an automatic latch=open devices device on the fuel
8 13 dispensing hose nozzle only if the nozzle valve is the
8 14 automatic closing type.

8 15 Sec. 16. Section 214A.1, Code 2007, is amended by adding
8 16 the following new subsections:

8 17 NEW SUBSECTION. 4A. "Biodiesel fuel" means biodiesel or
8 18 biodiesel blended fuel.

8 19 NEW SUBSECTION. 21A. "Unleaded gasoline" means gasoline,
8 20 including ethanol blended gasoline, if all of the following
8 21 applies:

8 22 a. It has an octane number of not less than eighty-seven
8 23 as provided in section 214A.2.

8 24 b. Lead or phosphorus compounds have not been
8 25 intentionally added to it.

8 26 c. It does not contain more than thirteen thousandths
8 27 grams of lead per liter and not more than thirteen
8 28 ten-thousandths grams of phosphorus per liter.

8 29 Sec. 17. Section 214A.1, subsection 14, Code 2007, is
8 30 amended to read as follows:

8 31 14. "Motor fuel pump" and "motor fuel blender pump" or
8 32 "blender pump" means the same as defined in section 214.1.

8 33 Sec. 18. Section 214A.1, subsections 9 and 15, Code 2007,
8 34 are amended to read as follows:

8 35 9. "E=85 gasoline" means ethanol blended gasoline
9 1 formulated with a minimum percentage of between seventy and
9 2 eighty-five percent by volume of ethanol, if the formulation
9 3 meets the standards provided in section 214A.2.

9 4 15. "Motor fuel storage tank" means an aboveground or
9 5 belowground container that is a fixture, used to keep an
9 6 accumulation of motor fuel the same as defined in section
9 7 214.1.

9 8 Sec. 19. Section 214A.2, subsection 3, paragraph b, Code
9 9 2007, is amended to read as follows:

9 10 b. If the motor fuel is advertised for sale or sold as
9 11 ethanol blended gasoline, the motor fuel must comply with
9 12 departmental standards which shall comply with specifications

~~9 13 for ethanol blended gasoline adopted by A.S.T.M.~~
~~9 14 international. For ethanol blended gasoline meet all of the~~
~~9 15 following shall apply requirements:~~
9 16 (1) Ethanol must be an agriculturally derived ethyl
9 17 alcohol that meets A.S.T.M. international specification D4806
9 18 for denatured fuel ethanol for blending with gasoline for use
9 19 as automotive spark-ignition engine fuel, or a successor
9 20 A.S.T.M. international specification, as established by rules
9 21 adopted by the department.
9 22 (2) Gasoline blended with ethanol must meet any of the
9 23 following requirements:
9 24 (a) For the gasoline, A.S.T.M. international specification
9 25 D4814.
9 26 (b) For the ethanol blended gasoline, A.S.T.M.
9 27 international specification D4814.
9 28 (c) For gasoline, A.S.T.M. international specification
9 29 D4814 except for distillation, if for E-10 or a classification
9 30 below E-10, the ethanol blended gasoline meets the
9 31 requirements of A.S.T.M. international specification D4814.
9 32 (3) ~~For ethanol blended gasoline other than E-85 gasoline,~~
9 33 ~~at least ten nine percent of the gasoline by volume must be~~
9 34 ~~ethanol, and the ethanol blended gasoline must be granted a~~
9 35 ~~year-round one pound per square inch waiver from the Reid~~
10 1 ~~vapor pressure requirements by the United States environmental~~
10 2 ~~protection agency pursuant to 40 C.F.R. } 80.27.~~
10 3 ~~(3) (4) E=85 gasoline must be an agriculturally derived~~
10 4 ~~ethyl alcohol that meets A.S.T.M. international specification~~
10 5 ~~D5798, described as a fuel blend for use in ground vehicles~~
10 6 ~~with automotive spark-ignition engines, or a successor~~
10 7 ~~A.S.T.M. international specification, as established by rules~~
10 8 ~~adopted by the department.~~
10 9 Sec. 20. Section 214A.2, Code 2007, is amended by adding
10 10 the following new subsection:
10 11 NEW SUBSECTION. 4A. Ethanol blended gasoline shall be
10 12 designated E-xx where "xx" is the volume percent of ethanol in
10 13 the ethanol blended gasoline and biodiesel fuel shall be
10 14 designated B-xx where "xx" is the volume percent of biodiesel.
10 15 However, ethanol blended gasoline formulated with a percentage
10 16 of between seventy and eighty-five percent by volume of
10 17 ethanol shall be classified as E=85.
10 18 Sec. 21. Section 214A.2B, Code Supplement 2007, is amended
10 19 to read as follows:
10 20 214A.2B LABORATORY FOR MOTOR FUEL AND BIOFUELS.
10 21 A laboratory for motor fuel and biofuels is established at
10 22 a merged area school which is engaged in biofuels testing on
10 23 July 1, 2007, and which testing includes but is not limited to
10 24 ~~B20~~ B=20 biodiesel fuel testing for motor trucks and the
10 25 ability of biofuels to meet A.S.T.M. international standards.
10 26 The laboratory shall conduct testing of motor fuel sold in
10 27 this state and biofuel which is blended in motor fuel in this
10 28 state to ensure that the motor fuel or biofuels meet the
10 29 requirements in section 214A.2.
10 30 Sec. 22. Section 214A.3, subsection 2, paragraph b, Code
10 31 2007, is amended to read as follows:
10 32 b. (1) Ethanol blended gasoline sold by a dealer shall be
10 33 ~~designated E-xx where "xx" is the volume percent of ethanol in~~
~~10 34 the ethanol blended gasoline according to its classification~~
10 35 as provided in section 214A.2. However, a person advertising
11 1 E=9 or E=10 gasoline may only designate it as ethanol blended
11 2 gasoline. A person advertising ethanol blended gasoline
11 3 formulated with a percentage of between seventy and
11 4 eighty-five percent by volume of ethanol shall designate it as
11 5 E=85. A person shall not knowingly falsely advertise ethanol
11 6 blended gasoline by using an inaccurate designation in
11 7 violation of this subparagraph.
11 8 (2) Biodiesel ~~blended~~ fuel shall be designated ~~B-xx where~~
~~11 9 "xx" is the volume percent of biodiesel in the biodiesel~~
~~11 10 blended fuel according to its classification as provided in~~
11 11 section 214A.2. A person shall not knowingly falsely
11 12 advertise biodiesel blended fuel by using an inaccurate
11 13 designation in violation of this subparagraph.
11 14 Sec. 23. Section 455G.31, subsection 1, paragraph b, Code
11 15 Supplement 2007, is amended to read as follows:
11 16 b. "Gasoline storage and dispensing infrastructure" means
11 17 any storage tank located below ground or above ground and any
11 18 associated equipment including but not limited to a pipe,
11 19 hose, connection, fitting seal, or motor fuel pump, which is
11 20 used to store, measure, and dispense gasoline by a retail
11 21 dealer.
11 22 Sec. 24. Section 455G.31, subsection 1, Code Supplement
11 23 2007, is amended by adding the following new paragraph:

11 24 NEW PARAGRAPH. c. "Dispenser" includes a motor fuel pump
11 25 as defined in section 214.1, including but not limited to a
11 26 motor fuel blender pump.
11 27 Sec. 25. Section 455G.31, Code Supplement 2007, is amended
11 28 by adding the following new subsection:
11 29 NEW SUBSECTION. 1A. The classifications for ethanol
11 30 blended gasoline shall be the same as provided in section
11 31 214A.2.

11 32 Sec. 26. Section 455G.31, subsection 2, unnumbered
11 33 paragraph 1, Code Supplement 2007, is amended to read as
11 34 follows:

11 35 A retail dealer may use gasoline storage and dispensing
12 1 infrastructure to store and dispense ~~E-85 ethanol blended~~
12 2 gasoline classified as E-10 or higher if all of the following
12 3 apply:

12 4 Sec. 27. Section 455G.31, subsection 2, paragraph a, Code
12 5 Supplement 2007, is amended to read as follows:

12 6 a. For gasoline storage and dispensing infrastructure
12 7 other than the dispenser, the department of natural resources
12 8 under this chapter or the state fire marshal under chapter 101
12 9 must determine that it is compatible with ~~E-85 the ethanol~~
12 10 blended gasoline being used.

12 11 Sec. 28. Section 455G.31, subsection 2, paragraph b,
12 12 subparagraph (1), subparagraph subdivision (a), Code
12 13 Supplement 2007, is amended to read as follows:

12 14 (a) The dispenser must be listed by an independent testing
12 15 laboratory as compatible with ethanol blended gasoline
12 16 classified as E-10 or higher.

12 17 Sec. 29. Section 15.401, Code 2007, is repealed.

12 18 Sec. 30. RENEWABLE FUEL INFRASTRUCTURE PROGRAMS ==
12 19 CONSIDERATION OF APPLICATIONS.

12 20 1. The renewable fuel infrastructure board created in
12 21 section 15G.202 may award financial incentives to a person
12 22 participating in the renewable fuel infrastructure program for
12 23 retail motor fuel sites for an amount provided in section
12 24 15G.203, subsection 7, as amended in this Act, if the person
12 25 applied to the department of economic development on or after
12 26 February 19, 2008.

12 27 2. The renewable fuel infrastructure board created in
12 28 section 15G.202 may award financial incentives to a person
12 29 participating in the renewable fuel infrastructure program for
12 30 terminal facilities for an amount provided in section 15G.204,
12 31 subsection 4, as amended in this Act, if the person applied to
12 32 the department of economic development on or after February
12 33 19, 2008.

12 34 Sec. 31. CONFLICT BETWEEN ACTS. Notwithstanding section
12 35 2B.13, subsection 1, paragraph "h", and section 4.13, the
13 1 amendments to section 214A.3 pursuant to this Act shall
13 2 prevail over the amendments to section 214A.3 pursuant to 2008
13 3 Iowa Acts, Senate File 2137, if enacted.

13 4 Sec. 32. SECRETARY OF AGRICULTURE == APPLICATION TO THE
13 5 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. The secretary
13 6 of agriculture shall make application to the United States
13 7 environmental protection agency to obtain approval for the use
13 8 of ethanol blended gasoline containing more than ten percent
13 9 ethanol by volume in this state by gasoline-powered vehicles
13 10 other than flexible fuel vehicles. The application shall, as
13 11 necessary, seek a waiver of relevant standards promulgated by
13 12 the agency under the federal Clean Air Act, including but not
13 13 limited to 42 U.S.C. } 7545 and 40 C.F.R. pt. 80. Within
13 14 sixty days after obtaining such approval, the secretary of
13 15 agriculture shall publish a notice in the Iowa administrative
13 16 bulletin certifying the approval.

13 17 Sec. 33. EFFECTIVE DATE. This division of this Act, being
13 18 deemed of immediate importance, takes effect upon enactment.

13 19 DIVISION II
13 20 GOVERNMENT FLEET PURCHASES
13 21 OF RENEWABLE FUELS

13 22 Sec. 34. Section 8A.362, subsection 3, paragraph b, Code
13 23 Supplement 2007, is amended to read as follows:

13 24 b. A ~~gasoline-powered~~ motor vehicle operated under this
13 25 subsection shall not operate on gasoline other than ethanol
13 26 blended gasoline as defined in section 214A.1, unless under
13 27 emergency circumstances. A diesel-powered motor vehicle
13 28 operated under this subsection shall not operate on diesel
13 29 fuel other than biodiesel fuel as defined in section 214A.1,
13 30 if available. A state-issued credit card ~~used to purchase~~
13 31 ~~gasoline~~ shall not be valid to purchase gasoline other than
13 32 ethanol blended gasoline, if commercially available, or to
13 33 purchase diesel fuel other than biodiesel fuel, if available.
13 34 The motor vehicle shall also be affixed with a brightly

13 35 visible sticker which notifies the traveling public that the
14 1 motor vehicle is being operated on ethanol blended gasoline or
14 2 biodiesel fuel, as applicable. However, the sticker is not
14 3 required to be affixed to an unmarked vehicle used for
14 4 purposes of providing law enforcement or security.
14 5 Sec. 35. Section 216B.3, subsection 16, paragraph a, Code
14 6 Supplement 2007, is amended to read as follows:
14 7 a. A gasoline-powered motor vehicle purchased by the
14 8 commission shall not operate on gasoline other than ethanol
14 9 blended gasoline as defined in section 214A.1. A
14 10 diesel-powered motor vehicle purchased by the commission shall
14 11 not operate on diesel fuel other than biodiesel fuel as
14 12 defined in section 214A.1, if available. A state issued
14 13 credit card used to purchase gasoline shall not be valid to
14 14 purchase gasoline other than ethanol blended gasoline or to
14 15 purchase diesel fuel other than biodiesel fuel, if available.
14 16 The motor vehicle shall also be affixed with a brightly
14 17 visible sticker which notifies the traveling public that the
14 18 motor vehicle is being operated on ethanol blended gasoline or
14 19 biodiesel fuel, as applicable. However, the sticker is not
14 20 required to be affixed to an unmarked vehicle used for
14 21 purposes of providing law enforcement or security.
14 22 Sec. 36. Section 262.25A, subsection 2, Code Supplement
14 23 2007, is amended to read as follows:
14 24 2. A gasoline-powered motor vehicle purchased by the
14 25 institutions shall not operate on gasoline other than ethanol
14 26 blended gasoline as defined in section 214A.1, unless under
14 27 emergency circumstances or if to do so would result in the use
14 28 of a percentage of ethanol blended gasoline higher than
14 29 recommended by the vehicle manufacturer or would result in a
14 30 violation of the vehicle's manufacturer warranty. A
14 31 diesel-powered motor vehicle purchased by the institutions
14 32 shall not operate on diesel fuel other than biodiesel fuel as
14 33 defined in section 214A.1, if available, unless to do so would
14 34 result in the use of a percentage of biodiesel fuel not
14 35 recommended by the vehicle manufacturer or would result in
15 1 violation of the vehicle's manufacturer warranty, or under
15 2 emergency circumstances. A state-issued credit card used to
15 3 purchase gasoline shall not be valid used to purchase gasoline
15 4 other than ethanol blended gasoline if commercially available
15 5 or to purchase diesel fuel other than biodiesel fuel, if
15 6 available. The motor vehicle shall also be affixed with a
15 7 brightly visible sticker which notifies the traveling public
15 8 that the motor vehicle is being operated on ethanol blended
15 9 gasoline or biodiesel fuel, as applicable. However, the
15 10 sticker is not required to be affixed to an unmarked vehicle
15 11 used for purposes of providing law enforcement or security.
15 12 Sec. 37. Section 307.21, subsection 4, paragraph d, Code
15 13 Supplement 2007, is amended to read as follows:
15 14 d. A motor gasoline-powered vehicle purchased by the
15 15 administrator shall not operate on gasoline other than ethanol
15 16 blended gasoline as defined in section 214A.1. A
15 17 diesel-powered motor vehicle purchased by the administrator
15 18 shall not operate on diesel fuel other than biodiesel fuel as
15 19 defined in section 214A.1, if available. A state-issued
15 20 credit card used to purchase gasoline shall not be valid to
15 21 purchase gasoline other than ethanol blended gasoline or to
15 22 purchase diesel fuel other than biodiesel fuel, if available.
15 23 The motor vehicle shall also be affixed with a brightly
15 24 visible sticker which notifies the traveling public that the
15 25 motor vehicle is being operated on ethanol blended gasoline or
15 26 biodiesel fuel, as applicable. However, the sticker is not
15 27 required to be affixed to an unmarked vehicle used for
15 28 purposes of providing law enforcement or security.
15 29 Sec. 38. Section 904.312A, subsection 1, Code Supplement
15 30 2007, is amended to read as follows:
15 31 1. A gasoline-powered motor vehicle purchased by the
15 32 department shall not operate on gasoline other than ethanol
15 33 blended gasoline as defined in section 214A.1. A
15 34 diesel-powered motor vehicle purchased by the department shall
15 35 not operate on diesel fuel other than biodiesel fuel as
16 1 defined in section 214A.1, if available. A state-issued
16 2 credit card used to purchase gasoline shall not be valid to
16 3 purchase gasoline other than ethanol blended gasoline, or to
16 4 purchase diesel fuel other than biodiesel fuel, if available.
16 5 The motor vehicle shall also be affixed with a brightly
16 6 visible sticker which notifies the traveling public that the
16 7 motor vehicle is being operated on ethanol blended gasoline or
16 8 biodiesel fuel, as applicable. However, the sticker is not
16 9 required to be affixed to an unmarked vehicle used for
16 10 purposes of providing law enforcement or security.

16 11 Sec. 39. USE OF BIODIESEL FUEL BY LOCAL ENTITIES. It is
16 12 the policy of the state to encourage the use of biodiesel fuel
16 13 to the extent practical in all diesel-powered motor vehicles
16 14 purchased or used by cities, counties, school corporations,
16 15 and merged area schools.

16 16 EXPLANATION

16 17 BACKGROUND. This bill amends Code provisions relating to
16 18 renewable fuel and specifically biofuels used in motor fuels,
16 19 including ethanol (ethyl alcohol) and biodiesel (derived from
16 20 vegetable oils or animal fats). Ethanol is blended into
16 21 gasoline and biodiesel is used without blending or by blending
16 22 into diesel fuel. The bill refers to biodiesel and biodiesel
16 23 blended fuel and "biodiesel fuel". The bill also refers to
16 24 the percentage of biofuel contained in a gallon of motor fuel
16 25 as E=xx where "xx" equals the percentage of ethanol by volume
16 26 and B=xx equals the percentage of biodiesel by volume.
16 27 Generally, motor fuel pumps and motor fuel are regulated by
16 28 the department of agriculture and land stewardship.

16 29 DIVISION I == RENEWABLE FUEL INFRASTRUCTURE. The bill
16 30 amends Code provisions relating to infrastructure associated
16 31 with the storage, blending, and dispensing of renewable fuel
16 32 and specifically programs administered by the renewable fuel
16 33 infrastructure board (see Code section 15G.202) established
16 34 within the department of economic development and supported by
16 35 moneys appropriated from the grow Iowa values fund (see Code
17 1 section 15G.111(7)). The programs include the renewable fuel
17 2 infrastructure programs for retail motor fuel sites (see Code
17 3 section 15G.203) and biodiesel terminal facilities (see Code
17 4 section 15G.204) which provide grants on a cost-share basis to
17 5 participating persons.

17 6 BLENDER PUMPS. The bill provides for a new type of motor
17 7 fuel pump referred to as a motor fuel blender pump (blender
17 8 pump) which dispenses a blend of different types of motor fuel
17 9 and may allow a retail customer to select the percent of
17 10 biofuel, either ethanol or biodiesel, which may be dispensed
17 11 or blended into motor fuel. The bill expands the renewable
17 12 fuel infrastructure program to provide financing to support
17 13 the installation, replacement, or conversion of infrastructure
17 14 associated with using a blender pump to dispense ethanol
17 15 blended gasoline or biodiesel fuel.

17 16 TANK VEHICLES. The bill provides that a tank vehicle
17 17 operated by a retail dealer qualifies for renewable fuel
17 18 infrastructure so long as it is limited to the tank and fuel
17 19 pump used to store, blend, or dispense the renewable fuel.

17 20 FINANCING ARRANGEMENTS. The bill divides financing for
17 21 improvements to infrastructure associated with storing,
17 22 blending, and dispensing ethanol or ethanol blended gasoline
17 23 and infrastructure associated with improving infrastructure
17 24 associated with storing, blending, or dispensing biodiesel
17 25 fuel (i.e., biodiesel blended fuel).

17 26 A participating person may execute two cost-share
17 27 agreements: (1) to receive up to the full amount available to
17 28 improve their retail motor fuel site with ethanol
17 29 infrastructure, and (2) to receive up to the full amount
17 30 available to improve the same retail motor fuel site with
17 31 biodiesel infrastructure.

17 32 For ethanol infrastructure the amount of the financing is
17 33 increased from 50 to 70 percent of the cost of making the
17 34 improvement with a ceiling amount increased from \$30,000 to
17 35 \$50,000. For biodiesel infrastructure, the amount of the
18 1 financing is based on a cost-share agreement schedule, with
18 2 the same increased ceiling. According to the schedule, the
18 3 amount of financing is based on the amount of biodiesel
18 4 contained in the diesel fuel, ranging from 50 percent of the
18 5 cost of making an improvement for biodiesel fuel classified
18 6 from B=2 to B=5 to 70 percent for biodiesel fuel classified
18 7 B=20 or higher.

18 8 The bill limits the amount of financing that a
18 9 participating person may be awarded for tank vehicles.

18 10 BIODIESEL TERMINALS. The bill amends provisions relating
18 11 to the renewable fuel infrastructure program for biodiesel
18 12 terminals, by increasing the amount that a participating
18 13 person is eligible to receive from \$50,000 to \$100,000 for
18 14 installing improvements to store and dispense B=99 to B=100.
18 15 For making improvements to terminals used to store and
18 16 dispense biodiesel less than B=99, the bill retains the
18 17 current limitations of 50 percent of the cost of making the
18 18 improvement or \$50,000, whichever is less.

18 19 RENEWABLE FUEL INFRASTRUCTURE FUND. The bill amends
18 20 provisions in Code section 15G.205 establishing a renewable
18 21 fuel infrastructure fund used to support the renewable fuel

18 22 infrastructure programs. The bill equally divides moneys
18 23 expended from the fund to support ethanol infrastructure and
18 24 biodiesel infrastructure (other than for supporting
18 25 administration by the department of economic development).
18 26 AUTHORIZATION TO USE BLENDER PUMPS. The bill amends Code
18 27 section 455G.31 which allows the state fire marshal to approve
18 28 the installation of infrastructure associated with storing and
18 29 dispensing E-85. The bill provides that such infrastructure
18 30 includes blender pumps.
18 31 APPLICATIONS. The bill provides that the infrastructure
18 32 board may award financial incentives as provided in the bill
18 33 to participating persons who submitted an application to
18 34 receive financial incentives under either renewable fuel
18 35 infrastructure program on or after February 19, 2008.
19 1 MOTOR FUEL STANDARDS. The bill provides a definition of
19 2 unleaded gasoline including by providing that it contains an
19 3 octane number of at least 87, and limits the amount of lead or
19 4 phosphorus. It provides standards for unleaded gasoline
19 5 blended with ethanol based on A.S.T.M. specifications. It
19 6 reduces the minimum percentage of ethanol contained in ethanol
19 7 blended gasoline from 10 to 9 percent by volume and provides
19 8 that it may be advertised as "ethanol blended gasoline" rather
19 9 than by its ethanol content. It requires that a retail dealer
19 10 advertising motor fuel containing between 70 and 85 percent
19 11 ethanol must be advertised as "E-85".
19 12 INCREASING THE BLEND OF ETHANOL IN ETHANOL BLENDED
19 13 GASOLINE. The bill requires the secretary of agriculture to
19 14 make application to the United States environmental protection
19 15 agency to obtain approval for the use of an increased
19 16 percentage of ethanol in ethanol blended gasoline for use in
19 17 motor vehicles other than flexible fuel vehicles, and to
19 18 publish notice of the approval in the Iowa administrative
19 19 bulletin.
19 20 EFFECTIVE DATE. Division I of the bill takes effect upon
19 21 enactment.
19 22 DIVISION II == GOVERNMENT FLEET PURCHASES OF BIODIESEL
19 23 FUEL. The bill amends a number of provisions that currently
19 24 require state government gasoline-powered vehicles to operate
19 25 using ethanol blended gasoline, and restricts the use of a
19 26 state-issued credit card to purchase gasoline other than
19 27 ethanol blended gasoline by state agencies. The bill provides
19 28 that state diesel-powered vehicles must use biodiesel fuel
19 29 whenever available and restricts the use of a state-issued
19 30 credit card to purchase diesel fuel other than biodiesel fuel
19 31 by state agencies. The bill provides that regents
19 32 institutions are not required to meet the renewable fuel
19 33 purchase requirement if it would violate a motor vehicle
19 34 manufacturer's warranty or if nonbiodiesel fuel is used under
19 35 emergency circumstances.
20 1 The bill declares that it is the policy of the state to
20 2 encourage the use of biodiesel fuel by schools, counties,
20 3 cities, and community colleges.
20 4 LSB 6470SZ 82
20 5 da/nh/5